

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**ANNUAL FINANCIAL REPORT**  
**CITY OF JEFFERSONTOWN, KENTUCKY**  
**Year Ended June 30, 2010**

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# STUEDLE SPEARS & FRANCKE PSC

CERTIFIED PUBLIC ACCOUNTANTS

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Louisville, KY 40220  
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## Independent Auditor's Report

To the Honorable Mayor and City Council  
City of Jeffersontown, Kentucky

We have audited the accompanying financial statements of the governmental activities, and each fund, of the City of Jeffersontown, Kentucky, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Jeffersontown, Kentucky, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each fund, of the City of Jeffersontown, Kentucky, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2010 on our consideration of the City of Jeffersontown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 31 through 44, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Stuedle Spears & Francke PSC*

Stuedle Spears & Francke PSC  
December 13, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Jeffersontown's financial performance provides an overview of the City's financial activities for the year ended June 30, 2010 and should be read in conjunction with the City's financial statements, starting on page 10 of this report.

### USING THE ANNUAL REPORT

This annual report contains a series of financial statements for the purpose of measuring the overall financial condition of the City.

#### **Statement of Net Assets and Statement of Activities (pages 11 - 12)**

These two statements report the City's net assets and changes to them. The *Statement of Net Assets* - the difference between assets and liabilities - is one method used to measure the City's financial health. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other indicators used to assess the overall financial condition of the City are changes in the tax base and infrastructure.

It is important to note that these statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most of the private sector. All current year revenues and expenses are taken into account regardless of when cash is received or paid. Most of the City's basic services are reported including general administration, police, public works, street maintenance, parks and recreation. Primary revenue sources used to fund these services are property taxes, occupational taxes, franchise fees, business license fees and building permits.

To aid in the understanding of the *Statement of Activities*, it is important to explain informational differences from a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that program expenses are listed in the first column while related revenues are reported to the right. The result is a net expense/revenue total.

This format highlights the relative financial burden of each of the functions/programs on the City's taxpayers. It also identifies how much each function draws from the general revenues, or it is self-funding through fees and grants.

Some of the individual line item revenues reported for each function are:

General Government: Business licenses; alcoholic beverage licenses; building, electrical, HVAC, fire, and sign permits; office rental income.

Public Safety: Fines and court income; Police department grants.

Parks and Recreation: Community center rental income; Plainview swim and tennis club fees.

All other governmental revenues are reported as general and are listed at the bottom right section of the statement.

#### **Balance Sheet & Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (pages 13 - 15)**

These fund financial statements provide detailed information about the governmental fund and not the city as a whole. Most of the City's basic services are reported in the governmental fund, which focuses on how money flows into and out of the fund and the balance left over at year-end that is available for spending. This fund is reported using the accounting method called modified accrual accounting which measures cash and all other financial assets that can be readily converted to cash. The government fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine the status of financial resources available to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in reconciliation on page 15 of the fund financial statements.

## FINANCIAL COMPARISONS

The following condensed financial information has been derived from the government-wide financial statements for the fiscal years ending June 30, 2010 and 2009. The two-year comparisons are organized as follows:

Statement of Net Assets  
 Revenues  
 Expenses  
 Excess/Deficiency of Revenues over Expenses  
 Change in Net Assets  
 Capital Assets  
 Long Term Debt

### Statement of Net Assets

Total net assets increased \$533,287 during the year ending June 30, 2010. One method used to determine the City's financial health in the short term is to compare current assets to current liabilities. Current assets exceed current liabilities by \$4,510,382 or a ratio of approximately 2.5 to 1. This indicator clearly points out that the City has sufficient capacity to service its current debt. It is also important to note that total assets exceed total liabilities by \$28,647,949. This number represents the "net worth" of the city.

	2010	2009	Positive (Negative) Variance
<b>Assets</b>			
Current assets	\$ 7,611,324	\$ 7,763,437	\$ (152,113)
Capital assets, net of accumulated Depreciation	35,671,782	36,102,456	(430,674)
Other Assets	67,844	74,012	(6,168)
<b>Total assets</b>	<b>\$ 43,350,950</b>	<b>\$ 43,939,905</b>	<b>\$ (588,955)</b>
<b>Liabilities</b>			
Current liabilities	\$ 3,100,942	\$ 3,264,334	\$ 163,392
Non-current liabilities	11,602,059	12,560,909	958,850
<b>Total liabilities</b>	<b>14,703,001</b>	<b>15,825,243</b>	<b>1,122,242</b>
<b>Net Assets</b>			
Invested in Capital Assets			
Net of related debt	26,860,077	26,569,759	290,318
Restricted net assets	1,787,872	1,544,903	242,969
<b>Total net assets</b>	<b>\$ 28,647,949</b>	<b>\$ 28,114,662</b>	<b>\$ 533,287</b>

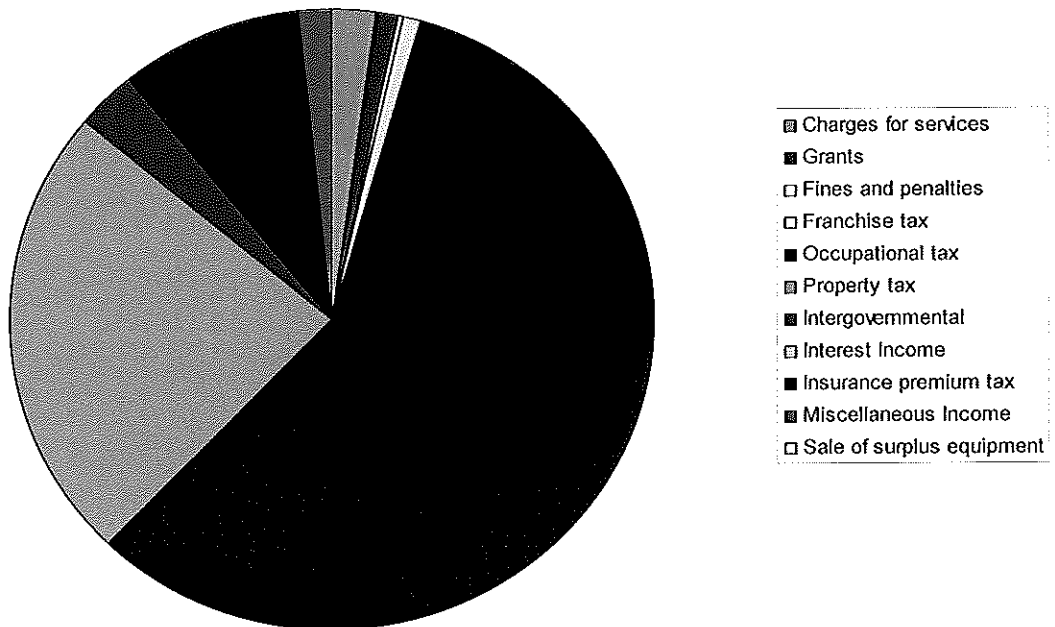
### Revenues

Total governmental revenues are derived from several sources. Three primary sources are Occupational Tax, Property Tax, and Insurance Premium Tax. These three sources represent 90.50% of all revenues. Occupational tax revenue was down approximately 5% from the previous year. This decrease was a result of several negative economic factors present during this period. Property tax revenue was off by only \$66,868 from the previous year. This decrease was due to declines in property values, mortgage delinquencies, and foreclosures. The City also began collecting insurance premium tax revenue during fiscal year 2009-10. Previously, the City had an intergovernmental agreement with Louisville-Metro and received \$1,000,000 annually in lieu of collecting Insurance Premium Taxes. By collecting this tax directly, the City was able to realize a total of \$1,483,388; generating new proceeds of \$483,388. Total revenues decreased by \$144,457 with the primary cause being a shortfall in Occupational Taxes.

# FINANCIAL COMPARISONS (CONTINUED)

	2010	2009	Positive (Negative) Variance
Revenues			
Program Revenues:			
Charges for services	\$ 383,370	\$ 408,597	\$ (25,227)
Grants	162,932	142,443	20,489
Fines and penalties	51,319	46,551	4,768
Total program revenues	597,621	597,591	30
General Revenues:			
Franchise tax (Telecom/Cable TV)	156,854	156,816	38
Occupational tax	9,502,214	10,013,021	(510,807)
Property tax	3,917,780	3,984,648	(66,868)
Insurance premium tax	1,483,388		1,483,388
Intergovernmental	510,290	1,486,488	(976,198)
Interest Income	8,846	13,875	(5,029)
Sale of surplus equipment	13,027	12,641	386
Miscellaneous Income	277,471	346,868	(69,397)
Total general revenues	15,869,870	16,014,357	(144,487)
Total revenues	\$ 16,467,491	\$ 16,611,948	\$ (144,457)

FISCAL YEAR ENDED JUNE 30, 2010 REVENUES



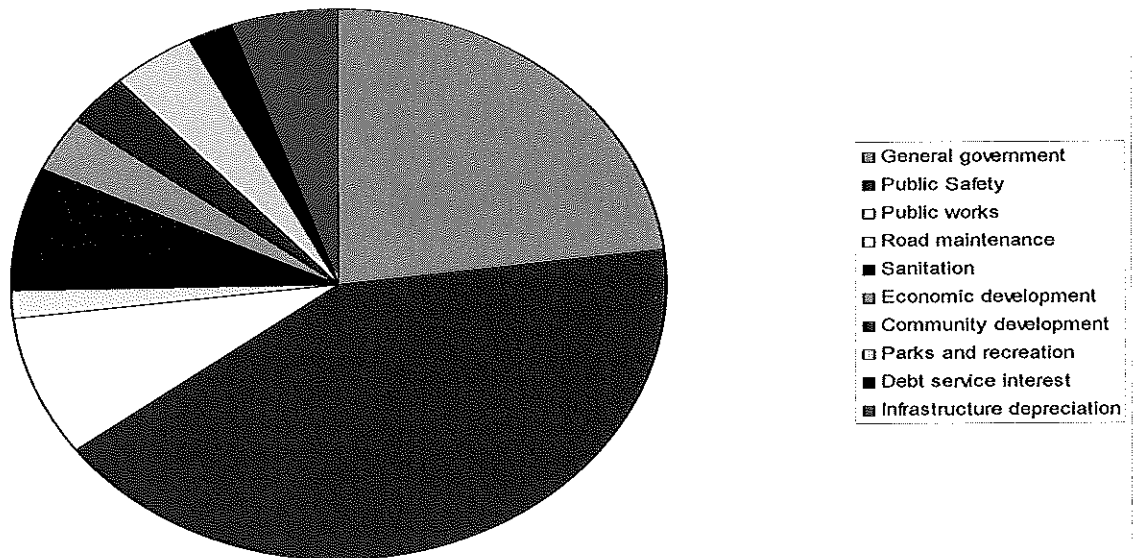
## FINANCIAL COMPARISONS (CONTINUED)

### Expenses

Total Governmental expenses were up by \$592,849 compared to the prior year. The largest program expense increases were General Government, Economic Development, and Public Works.

	2010	2009	Positive (Negative) Variance
Expenses			
Program Expenses:			
General government	\$ 3,680,127	\$ 3,349,856	\$ (330,271)
Public safety	6,613,914	6,413,155	(200,759)
Public works	1,326,918	1,083,832	(243,086)
Road maintenance	267,321	256,275	(11,046)
Sanitation	1,174,259	1,481,883	307,624
Economic development	542,961	296,728	(246,233)
Community development	489,194	402,887	(86,307)
Parks and recreation	656,634	851,281	194,647
Debt service interest	355,547	423,539	67,992
Infrastructure depreciation	827,329	781,919	(45,410)
Total program expenses	<u>\$ 15,934,204</u>	<u>\$ 15,341,355</u>	<u>\$ (592,849)</u>

**FISCAL YEAR ENDED JUNE 30, 2010 EXPENSES**



# FINANCIAL COMPARISONS (CONTINUED)

## Excess / Deficiency of Revenues over Expenses

Revenues exceeded expenses by \$533,287. In other words, the City spent less than it received, generating a positive "bottom line" of \$533,287.

	2010	2009	Positive (Negative) Variance
Total revenues	\$ 16,467,491	\$ 16,611,948	\$ (144,457)
Total expenses	15,934,204	15,341,355	(592,849)
Excess (Deficiency) of revenues over expenses	\$ 533,287	\$ 1,270,593	\$ (737,306)

## Change in Net Assets

Another way to view the financial condition of the City is Change in Net Assets. One is able to address the question; is the city as a whole better off than the prior year? The answer to this question is, yes, the city is in better financial condition than this time last year. Ending net assets increased by \$533,287.

	2010	2009
Beginning net assets	\$ 28,114,662	\$ 26,676,468
Adjustment to beginning net assets	-	167,601
Excess (Deficiency) of revenues over expenses	533,287	1,270,593
Ending net assets	\$ 28,647,949	\$ 28,114,662

## Capital Assets

For the year ended June 30, 2010, the City showed a decrease in net capital assets of \$430,674. The decrease is due to capital asset additions of \$1,091,216 and depreciation expense of \$1,521,890 for the year. The City's \$35.7 million in net capital assets includes buildings, improvements, equipment, vehicles, and infrastructure. Major additions of \$1,091,216 in capital assets *before* depreciation included the following:

Sidewalks and paving	\$ 295,563
Police vehicles	232,882
Police equipment	104,049
Dump truck	118,700
Pool improvements	130,632

Capital Asset activity for the year ended June 30, 2010 is as follows:

	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Governmental activities:				
Land	\$ 1,124,198	\$ -	\$ -	\$ 1,124,198
Buildings	7,628,471	-	-	7,628,471
Improvements	1,831,463	182,819	-	2,014,282
Equipment	1,977,516	135,445	-	2,112,961
Furniture & Fixtures	437,286	-	-	437,286
Radio equipment	350,126	-	-	350,126
Vehicles and equipment	3,934,166	351,582	(89,117)	4,196,631
Infrastructure	57,901,242	421,370	-	58,322,612
Totals at historical cost	75,184,468	1,091,216	(89,117)	76,186,567
Less accumulated depreciation	(39,082,012)	(1,521,890)	89,117	(40,514,785)
Net capital assets	36,102,456	(430,674)	-	35,671,782

The City had vehicle and equipment disposals with a cost of \$89,117 and accumulated depreciation of \$89,117.



## FINANCIAL COMPARISONS (CONTINUED)

### Long Term Debt

Long term debt represents all obligations that exceed one year. This debt is comprised of three major categories: bond and debt agreements, capital lease obligations, and compensated absences. Bond and debt agreements had a net decrease of \$1,347,779 from the prior year due to current year principal payments. Capital lease obligations had a net increase of \$37,344. Another significant long term obligation is compensated absences. Net additions during fiscal year June 30, 2010 totaled \$240,621. Management has changed their vacations and sick policies with an emphasis on reducing current caps on the amount of vacation and sick time that city employees can accumulate.

Long term debt activity for the year is as follows:

	Balance July 1, 2009	Additions	(Reductions)	Balance June 30, 2010
Bond and debt agreements	\$ 12,484,000	\$ -	(1,347,779)	\$ 11,136,221
Capital lease obligation	455,761	351,582	(314,238)	493,105
Compensated absences	2,291,760	240,621	-	2,532,381
Total Long Term Debt	\$ 15,231,521	\$ 592,203	(1,662,017)	\$ 14,161,707

### General Fund Budgetary Highlights

#### Revenues

General fund revenues of \$15,944,174 were \$1,028,543 less than the \$16,972,717 budgeted. This was primarily the result of occupational tax revenue being \$472,786 less than budgeted and grant revenues being \$452,576 less than budgeted. Grant revenues were lower due to delays in funding at the state level and are expected to be received during fiscal year ending June 30, 2011. Revenue sources exceeding budgeted amounts included penalties and interest, electrical permits, lease income, and other income.

#### Expenditures

General fund expenditures of \$16,026,103 were \$925,065 less than the \$16,951,168 budgeted. However, \$188,454 in unbudgeted employee severance payouts was charged to the general fund despite being funded through the 2008 Bond Fund. General fund expenditures would actually be \$1,113,519 under budget after removing this expense. A primary reason that general fund expenditures were less than budgeted was the positive variance within grant related expenses. However, without this variance the City would still have been under budget by \$495,964 for general fund expenditures. Other primary reasons general fund expenditures were less than budgeted were positive variances in most departments with the largest being police and public works.

After subtracting the \$1,028,543 revenue shortfall from the \$1,113,519 expense savings, the City realized a surplus of \$84,976.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Declines in Occupational Tax revenues should bottom out during fiscal year 2010-11. Economic indicators call for modest growth in the local market and cause a slight decline in unemployment. Increases in Insurance Premium Tax revenue should continue because more agencies are aware of their liability to the city of Jeffersontown. Property taxes should remain stable as a reflection of stable property values. On the expense side, health benefits, energy costs, and employer retirement contributions will continue to place pressures on expense control. The City's "bottom line" should continue to remain strong through realistic projections, comprehensive budgeting, revenue enhancements, aggressive collections and tight expense controls. It is the opinion of Management that the City of Jeffersontown is in a strong financial position to deliver quality services at a low cost to the taxpayer.

## **FINANCIAL COMPARISONS (CONTINUED)**

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and provide accountability for the money it receives. For questions about this report or any additional information, please contact the City Clerk's office at 10416 Watterson Trail, Jeffersontown, KY 40299.

Respectfully submitted,

Clay S. Foreman  
Mayor

James E. Leidgen  
City Clerk – Director of Finance

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-wide financial statements

Fund financial statements:

- Governmental funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,600,799	\$ 4,600,799
Receivables (net)	2,994,495	2,994,495
Other assets	16,030	16,030
Total current assets	<u>7,611,324</u>	<u>7,611,324</u>
Noncurrent assets:		
Capital assets (net)	35,671,782	35,671,782
Other assets	67,844	67,844
Total noncurrent assets	<u>35,739,626</u>	<u>35,739,626</u>
Total Assets	<u>\$ 43,350,950</u>	<u>\$ 43,350,950</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 132,128	\$ 132,128
Bonds payable - amount due within one year	1,581,220	1,581,220
Capital lease payable - amount due within one year	224,447	224,447
Accrued compensated absences - amount due within one year	753,981	753,981
Other current liabilities	409,166	409,166
Total current liabilities	<u>3,100,942</u>	<u>3,100,942</u>
Noncurrent liabilities:		
Bonds payable - amount due in more than one year	9,555,001	9,555,001
Capital lease payable - amount due in more than one year	268,658	268,658
Accrued compensated absences	1,778,400	1,778,400
Total noncurrent liabilities	<u>11,602,059</u>	<u>11,602,059</u>
Total Liabilities	14,703,001	14,703,001
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	25,848,123	25,848,123
Restricted for:		
Road Fund	1,787,872	1,787,872
Unrestricted	1,011,954	1,011,954
Total Net Assets	<u>\$ 28,647,949</u>	<u>\$ 28,647,949</u>
Total Liabilities and Net Assets	<u>\$ 43,350,950</u>	<u>\$ 43,350,950</u>

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Total
<b>PRIMARY GOVERNMENT:</b>					
Governmental activities:					
General government:					
Administration	\$ 1,022,326	\$ 306,176	\$ -	\$ (716,150)	(716,150)
Building department	203,945	86,297	-	(117,648)	(117,648)
Employee benefits	1,431,021	-	-	(1,431,021)	(1,431,021)
Insurance	490,265	-	-	(490,265)	(490,265)
Tax department	225,848	-	-	(225,848)	(225,848)
Vehicle maintenance	306,722	-	-	(306,722)	(306,722)
Public safety:					
Ambulance service	78,821	-	-	(78,821)	(78,821)
Civil service	8,336	-	-	(8,336)	(8,336)
Police department	6,162,190	134,458	92,471	(5,935,261)	(5,935,261)
Street lights	364,567	-	-	(364,567)	(364,567)
Public works	1,326,918	15,997	-	(1,310,921)	(1,310,921)
Roads	267,321	-	-	(267,321)	(267,321)
Sanitation	1,174,259	-	-	(1,174,259)	(1,174,259)
Economic development	542,961	-	-	(542,961)	(542,961)
Community development	489,194	-	-	(489,194)	(489,194)
Parks and recreation	656,634	144,565	70,461	(441,608)	(441,608)
Infrastructure depreciation (excludes direct depreciation expense of other activities)	827,329	-	-	(827,329)	(827,329)
Interest expense on long-term debt (See Note 3.D)	355,547	-	-	(355,547)	(355,547)
Total governmental activities (See Note 1)	<u>15,934,204</u>	<u>687,493</u>	<u>162,932</u>	<u>(15,083,779)</u>	<u>(15,083,779)</u>
Total primary government	\$ 15,934,204	\$ 687,493	\$ 162,932	\$ (15,083,779)	\$ (15,083,779)
General revenues:					
Taxes:					
Occupational taxes				9,502,214	9,502,214
Property taxes, levied for general purposes				3,917,780	3,917,780
Insurance premium taxes				1,483,388	1,483,388
Franchise taxes (Telecom/Cable TV)				156,854	156,854
Coal and mineral taxes				1,859	1,859
Interest income				8,846	8,846
Intergovernmental revenues				510,290	510,290
Youth basketball revenue				21,695	21,695
Donation revenue				1,113	1,113
Sale of surplus equipment				13,027	13,027
Total general revenues				<u>15,617,066</u>	<u>15,617,066</u>
Change in net assets				533,287	533,287
Net assets – beginning				<u>28,114,662</u>	<u>28,114,662</u>
Net assets – ending				<u>\$ 28,647,949</u>	<u>\$ 28,647,949</u>

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	General Fund	Road Fund	Bond Fund	Total Government Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 4,564,757	\$ 36,042	\$ -	\$ 4,600,799
Due from other funds	58,092	-	-	58,092
Prepaid expenses	16,030	-	-	16,030
Occupational tax receivable	2,331,680	-	-	2,331,680
Insurance premium tax receivable	437,547	-	-	437,547
Property tax receivable	274,659	-	-	274,659
Less: allowance for uncollectible accounts	(49,391)	-	-	(49,391)
<b>Total Assets</b>	<b>\$ 7,633,374</b>	<b>\$ 36,042</b>	<b>\$ -</b>	<b>\$ 7,669,416</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 132,128	\$ -	-	\$ 132,128
Accrued payroll	191,202	-	-	191,202
Other accrued liabilities	120,939	-	-	120,939
Deferred revenue	97,025	-	-	97,025
Due to other funds	-	58,092	-	58,092
Current portion- compensated absences	753,981	-	-	753,981
Current portion - long term debt	1,581,220	-	-	1,581,220
Current portion - capital lease	224,447	-	-	224,447
<b>Total Liabilities</b>	<b>3,100,942</b>	<b>58,092</b>	<b>-</b>	<b>3,159,034</b>
<b>FUND BALANCE</b>				
Reserved for:				
Road Fund	-	(22,050)	-	(22,050)
Bond Fund	-	-	-	-
Unreserved, reported in:				
General fund	4,532,432	-	-	4,532,432
<b>Total fund balance</b>	<b>4,532,432</b>	<b>(22,050)</b>	<b>-</b>	<b>4,510,382</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 7,633,374</b>	<b>\$ 36,042</b>	<b>\$ -</b>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$40,514,785.

35,671,782

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

(11,602,059)

Other assets used in government activities are not financial resources and therefore are not reported in the funds

67,844

Net assets of governmental activities

\$ 28,647,949

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Road Fund	Bond Fund	Total Government Funds
<b>REVENUES</b>				
Taxes:				
Franchise (Telecom/Cable TV)	\$ 156,854	\$ -	\$ -	\$ 156,854
Occupational	9,502,214	-	-	9,502,214
Property	3,917,780	-	-	3,917,780
Insurance premium tax	1,483,388	-	-	1,483,388
Intergovernmental	-	510,290	-	510,290
Charges for services	383,370	-	-	383,370
Fines and court income	51,319	-	-	51,319
Grants and contributions	162,932	-	-	162,932
Investment income	8,846	-	-	8,846
Miscellaneous	277,471	-	-	277,471
Total revenue	15,944,174	510,290	-	16,454,464
<b>EXPENDITURES</b>				
Current:				
General government:				
Administration	954,202	-	-	954,202
Building department	203,945	-	-	203,945
Employee benefits	1,431,021	-	-	1,431,021
Insurance	490,265	-	-	490,265
Tax department	225,848	-	-	225,848
Vehicle maintenance	306,722	-	-	306,722
Total general government	3,612,003	-	-	3,612,003
Public safety:				
Ambulance service	78,821	-	-	78,821
Civil service	8,336	-	-	8,336
Police	6,131,902	-	-	6,131,902
Street lights	364,567	-	-	364,567
Total public safety	6,583,626	-	-	6,583,626
Public works	1,051,037	-	-	1,051,037
Road maintenance	-	267,321	-	267,321
Sanitation	1,174,259	-	-	1,174,259
Economic development	288,083	-	-	288,083
Community development	444,202	-	-	444,202
Parks and recreation	592,720	-	-	592,720
Debt service:				
Principal	1,347,779	-	-	1,347,779
Interest and other charges	355,548	-	-	355,548
Capital outlay	576,846	312,133	202,237	1,091,216
Total expenditures	16,026,103	579,454	202,237	16,807,794
Excess (deficiency) of revenues over expenditures	(81,929)	(69,164)	(202,237)	(353,330)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital leases	351,582	-	-	351,582
Sale of surplus equipment	13,027	-	-	13,027
Total other financing sources (uses)	364,609	-	-	364,609
Net change in fund balances	282,680	(69,164)	(202,237)	11,279
Fund balances- beginning	4,451,989	47,114	-	4,499,103
Transfers In (Out)	(202,237)	-	202,237	-
Fund balances- ending	\$ 4,532,432	\$ (22,050)	\$ -	\$ 4,510,382

See accompanying notes to the basic financial statements

**CITY OF JEFFERSONTOWN, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

Reconciliation of the net changes in fund balances - total government funds to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds	\$	11,279
--	----	--------

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized		1,091,216
Depreciation expense		(1,521,890)

Governmental funds report bond refinancing charges as expenditures while governmental activities report amortization expense to allocate those expenditures over the useful life of the bond

(6,167)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Proceeds from capital leases		(351,582)
Capital outlay obligation from lease		276,890
Long-term debt principal payments		1,347,779
Capital lease payments		<u>(314,238)</u>

Change in Net Assets of Governmental Activities	\$	<u>533,287</u>
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See accompanying notes to the basic financial statements



**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

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**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued before November 30, 1989, have been applied in the government-wide financial statements unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**1.A. FINANCIAL REPORTING ENTITY**

The City's financial reporting entity comprises the primary government of the City of Jeffersontown. There are no oversight responsibilities for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependency is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

**1.B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.B. BASIS OF PRESENTATION (CONTINUED)**

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

**1.D. ASSETS, LIABILITIES, AND EQUITY**

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents includes all cash and short term investments with a maturity date of three months or less.

CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes and occupational taxes.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, occupational tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within sixty days since they would be considered both measurable and available. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Fixed Assets**

*Government-wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. The City engaged the services of a local engineering firm to inventory and value the roads and bridges that comprise the infrastructure.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	20 years
Machinery and Equipment	5 -15 years
Infrastructure	10-25 years

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

*Fund Financial Statements*

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

*Long-term Debt*

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term debt consist primarily of bond/debt agreement obligations, capital lease obligations and accrued compensated absences.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources and payments of principal and interest reported as expenditures.

*Compensated Absences*

The City's policies regarding vacation time and sick leave permit employees to accumulate earned but unused time. Permanent City employees earn from 40 to 380 vacation hours a year, depending upon length of employment, and 120 sick leave hours a year. Bonus sick leave can be earned if less than 30 sick leave hours are used during the year. Employees can carry forward up to 600 hours in earned but unused vacation hours and an unlimited amount of sick leave hours for use in subsequent years.

Upon retirement or disability, permanent employees are entitled to receive compensation for all accumulated vacation days and sick leave. Upon termination prior to retirement, permanent employees are entitled to receive all (up to 120 hours for police employees) of accumulated vacation time and all (one-half for police employees) of accumulated sick leave time.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, government funds report only the compensated absence liability payable from expendable available financial resources.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**1.D. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)**

- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**1.E. REVENUES, EXPENDITURES, AND EXPENSES**

**Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on October 1 and are due and payable at that time. All unpaid taxes levied October 1, become delinquent January 1 of the following year. Tax is assessed at a rate of .1478 per \$100. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of any additional property taxes receivable after the 60 day period, no additional accrual is made in the government-wide financial statements.

**Occupational Tax**

City occupational tax at one percent of wages is imposed on persons who work within the City of Jeffersontown, in any business, profession, trade or occupation. Such amounts are to be withheld from the employee's wages and remitted quarterly with a completed payroll tax return detailing total wages and tax withholdings.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, government fund expenditures are classified by character: current, debt service, and capital outlay. The city's policy regarding the allocation of indirect expenses is to reflect such expenses as a separate program.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**2.A. FUND ACCOUNTING REQUIREMENTS**

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<b>Fund:</b>	<b>Required By:</b>
General Fund	State Law
Municipal Road Aid	State Law

**2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATION**

Under Kentucky Revised Statutes, the City is allowed to invest in obligations of the U. S. Treasury and U. S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized.

The City invests surplus cash in local bank certificates of deposit and savings accounts. This investment class subjects the City to custodial credit risk. This risk is considered immaterial, and as such, the City does not have an investment policy to deal with such risk.

At June 30, 2010, the city had checking account balances totaling \$4,774,359. The city was fully collateralized for amounts held in excess of FDIC limitations as of June 30, 2010.

**2.C. REVENUE RESTRICTIONS**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<b>Revenue Source:</b>	<b>Legal Restriction of Use:</b>
Ad Valorem Tax	Debt service
Gasoline Excise	Road and street maintenance

For the year ended June 30, 2010, the City complied, in all material respects, with these revenue restrictions.

**2.D. DEBT RESTRICTIONS AND COVENANTS**

**General Obligation Debt**

Section 158 of the Kentucky Constitution limits the amount of outstanding general obligation bond debt of the City to no more than 10 percent of net assessed property valuation. For the year ended June 30, 2010, the City complied, in all material respects, with this revenue restriction.

**CITY OF JEFFERSONTOWN, KENTUCKY**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3.A. ACCOUNTS RECEIVABLE**

Receivable detail at June 30, 2010, is as follows:

Occupational tax	\$	2,331,680
Property tax		274,659
Insurance premium tax		437,547
Allowance for doubtful accounts		<u>(49,391)</u>
Net accounts receivable	\$	<u>2,994,495</u>

**3.B. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Disposals	Balance June 30, 2010
Governmental activities:				
Land	\$ 1,124,198	\$ -	\$ -	\$ 1,124,198
Buildings	7,628,471	-	-	7,628,471
Improvements	1,831,463	182,819	-	2,014,282
Equipment	1,977,516	135,445	-	2,112,961
Furniture and fixtures	437,286	-	-	437,286
Radio equipment	350,126	-	-	350,126
Vehicles and equipment	3,934,166	351,582	(89,117)	4,196,631
Infrastructure	57,901,242	421,370	-	58,322,612
Totals at historical cost	75,184,468	1,091,216	(89,117)	76,186,567
Less accumulated depreciation				
Buildings	(2,394,454)	(188,789)	-	(2,583,243)
Improvements	(614,138)	(103,667)	-	(717,805)
Equipment	(1,749,513)	(73,277)	-	(1,822,790)
Furniture and fixtures	(419,862)	(3,149)	-	(423,011)
Radio equipment	(343,539)	(2,384)	-	(345,923)
Vehicles and equipment	(3,032,142)	(323,301)	89,117	(3,266,326)
Infrastructure	(30,528,364)	(827,323)	-	(31,355,687)
Total accumulated depreciation	(39,082,012)	(1,521,890)	89,117	(40,514,785)
Capital assets, net	\$ 36,102,456	\$ (430,674)	\$ -	\$ 35,671,782



**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.B. CAPITAL ASSETS (CONTINUED)**

\* Depreciation expense was charged to governmental activities as follows:

General government	\$	61,956
Economic development		242,661
Parks and recreation		99,532
Police		5,163
Public works		285,255
Road maintenance		-
Infrastructure		<u>827,323</u>
Total depreciation expense	\$	<u>1,521,890</u>

**3.C. ACCOUNTS PAYABLE**

Payable in the general fund and road maintenance fund are comprised of trade payables to vendors.

CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.D. LONG-TERM DEBT**

**Governmental Activities:**

As of June 30, 2010, the governmental long-term debt of the financial reporting entity consisted of the following:

2000 KLC Funding Trust Lease Agreement	\$ 4,125,000
2005 Series Bonds	3,385,000
2008 Floating Indebtedness Debt Agreement	821,221
2008 Retirement Bond Fund	2,805,000
Total long-term debt	<u>\$ 11,136,221</u>

Current portion	\$ 1,581,220
Non-current portion	9,555,001
Total long-term debt	<u>\$ 11,136,221</u>

**Capital Lease Obligation:**

Capital lease obligation for 7 police vehicles dated June 2008 payable in annual installments of \$70,621.57 with final payment due June 2011.	67,623
--	--------

Capital lease obligation for 2 public works vehicles dated January 2008 payable in annual installments of \$15,286.58 with final payment due January 2011.	14,477
--	--------

Capital lease obligation for 7 police vehicles dated April 2009 payable in annual installments of \$71,529.18 with final payment due April 2012	132,851
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Capital lease obligation for 1 dump truck dated November 2009 payable in monthly installments of \$2,243.70 with final payment due November 2014	108,134
--	---------

Capital lease obligation for 7 police vehicles dated April 2010 payable in annual installments of \$62,861.74.	<u>170,020</u>
--	----------------

Total capital lease obligations	\$ 493,105
---------------------------------	------------

Current portion	\$ 224,447
-----------------	------------

Noncurrent portion	<u>268,658</u>
--------------------	----------------

Total capital lease obligation	<u>\$ 493,105</u>
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**Accrued Compensated Absences:**

Current portion	\$ 753,981
-----------------	------------

Noncurrent portion	1,778,400
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Total accrued compensated absences	<u>\$ 2,532,381</u>
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**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.D. LONG-TERM DEBT (Continued)**

**2000 KLC Funding Trust Lease Agreement**

On June 9, 2000, the City entered a lease/purchase agreement with Kentucky League of Cities Funding Trust Program, in the amount of \$6,625,000. The agreement requires rental payments to be paid by the City of Jeffersontown, Kentucky, under the lease/purchase agreement dated June 9, 2000, with Kentucky League of Cities Funding Trust Program, pursuant to which the project will be leased to the city. The project consist of the (i) acquisition, construction and installation of infrastructure improvements, including street repairs and extensions as well as drainage system improvements and (ii) the refunding and retirement on the date hereof of (a) a lease agreement dated as of November 1, 1996 (the "1996 Lease") between the City and the Trust, (b) a lease agreement dated as of January 28, 1998 (the "1998 Lease") between the City and the Trust and (c) a lease agreement dated as of September 1, 1998 (the "1998B Lease") between the City and the Trust, the proceeds of which were used to finance the acquisition, construction, installation and equipping of youth recreational facilities, a senior citizens center, park improvements, a library, sidewalk improvements, municipally owned recreational facilities and drainage system improvements.

The variable interest rate lease requires quarterly rental payments through June 15, 2020.

**2005 Series Bonds**

On July 21, 2005, the City issued \$5,730,000 general obligation bonds Series 2005A and \$1,455,000 general obligation bonds Series 2005B. The Bonds constitute proportionate interest in rental payments to be paid by the City of Jeffersontown, Kentucky, under the lease/purchase agreement dated July 1<sup>st</sup>, 2005 to purchasers of these bonds through The Depository Trust Company. Interest is payable semiannually on February 1 and August 1 of each year. The proceeds from these bonds were used to extinguish the City's outstanding obligations with respect to the 1994 Certificates of Participation and Line of Credit. Currently, these funds are being held in escrow for the purpose of capital projects. The balances in these funds at June 30, 2010 are presented on the following pages.

The variable interest rate requires semiannual interest payments through August 1, 2021.

**2008 Floating Indebtedness Note**

On June 26, 2008, the city issued a note in the amount of \$1,184,000. Principal and interest are payable on a quarterly basis beginning September 30, 2008. The proceeds from this note were used to extinguish the City's outstanding obligation with respect to their Line of Credit, which matured on June 30, 2008. The note has an annual interest rate of 3% and matures on August 21, 2010.

**2008 Retirement Fund**

In July, 2009 the city issued a general obligation unfunded liability funding note in the amount of \$2,805,000. The proceeds have been escrowed by the city and will be used to extinguish city employee accrued compensated absences as individuals retire or utilize their accumulated vacation and sick time. The note is due in monthly installments of interest and fees only until August 1, 2012 at which time the city will be required to begin also making principal payments on the obligation. The note has an effective interest rate of 2% and is scheduled to mature July 1, 2032.

CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 3 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)**

**3.D. LONG-TERM DEBT (Continued)**

**Interest Expense**

The City incurred interest expense of \$355,547 associated with long term debt and capital lease obligations during the year ended June 30, 2010.

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	Balance July 1, 2009	Additions	(Reductions)	Balance June 30, 2010	Amount Due Within One Year
Lease/purchase agreements	\$ 12,484,000	\$ -	\$ (1,347,779)	\$ 11,136,221	\$ 1,581,220
Capital lease obligation	455,761	351,582	(314,238)	493,105	224,447
Compensated absences	2,291,760	240,621	-	2,532,381	753,981
Totals	\$ 15,231,521	\$ 592,203	\$ (1,662,017)	\$ 14,161,707	\$ 2,559,648

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2010, are as follows:

Year Ending June 30	Governmental Activities – Capital Lease Obligations And Lease/Purchase Agreements	
	Principal	Interest
2011	\$ 1,805,667	\$ 303,080
2012	937,879	263,247
2013	731,903	227,478
2014	715,024	206,034
2015	729,253	187,295
2016-2020	4,417,928	355,462
2021-2025	1,051,924	174,245
2026-2030	840,405	83,965
2031-2035	399,342	8,760
Total	\$ 11,629,326	\$ 1,809,567

CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

**NOTE 4 – OTHER NOTES**

**4.A. EMPLOYEE PENSION PLAN**

Substantially all employees are covered under the County Employees' Retirement System which is a defined benefit, cost sharing, multiple-employer PERS managed by the Board of Trustees of the Kentucky Retirement System. For the year ended June 30, 2010, hazardous plan participating employees contributed 8% of creditable compensation to the System while nonhazardous participants contributed 5%. In accordance with KRS 61.565, employer contributions are intended to fund the System's normal cost on a current basis plus fund an amount equal to the amortization of unfunded past service cost over thirty years, using the level percentage of payroll method. The rates are determined by the Board of Trustees each biennium. For the year ended June 30, 2010, the employer rate was 32.79% for hazardous employees and 16.16% for nonhazardous employee creditable compensation.

<u>Required Contributions</u>				
<u>Fiscal</u>				<u>Percentage</u>
<u>Year</u>	<u>Employees</u>	<u>City</u>	<u>Total</u>	<u>Contributed</u>
2006	423,360	1,142,289	1,565,648	100%
2007	484,804	1,482,402	1,967,206	100%
2008	484,001	1,777,009	2,261,010	100%
2009	453,115	1,417,731	1,870,846	100%
2010	460,758	1,651,185	2,111,943	100%

Prior to August 1, 2004, employees who retire at age 65 and have 48 or more months of service, or retire having 27 years of service credit, at least 15 years must be current service, are entitled to a retirement benefit, payable monthly for life, equal to 2.2% of the average annual salary of the member's five highest earning years multiplied by the number of years of service credit. All employees that were hired following August 1, 2004, who retire at age 65 and have 48 or more months of service, or retire having 27 years of service credit, at least 15 years must be current service, are entitled to a retirement benefit, payable monthly for life, equal to 2% of their average annual salary for the member's five highest earning years multiplied by the number of years of service credit. Members retiring at less than 55 years of age with 25 years of service, 15 of which are current service, are entitled to reduced benefits. Members' retirement benefits became fully vested when they complete sixty months of service, twelve of which are current service.

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases. GASB adopted the standardized measure of the pension benefit obligation to enable users of PERS financial statements to assess the PERS funding status on a going-concern basis, assess progress made on accumulating sufficient assets to pay benefits when due, and make comparisons among other PERS.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 4 – OTHER NOTES (CONTINUED)**

**4.A. EMPLOYEE PENSION PLAN (CONTINUED)**

The unfunded actuarial accrued liability of the County PERS as of June 30, 2010, was as follows:

	<b>2010</b>	<b>2009</b>
Total actuarial accrued liability	\$ 15,470,931,130	\$ 15,165,875,103
Less: actuarial value of assets	4,681,557,213	5,328,783,945
Unfunded actuarial accrued liability	\$ 10,789,373,917	\$ 9,837,091,158

The measurement of the total pension benefit obligation is based on actuarial valuation as of June 30, 2010. Net assets available to pay pension benefits were valued as of the same date. Ten year historical trend information showing assets available to pay benefits when due is presented in the System's June 30, 2010 comprehensive annual report. Copies of this report may be obtained from the state retirement system website [www.kyret.ky.gov](http://www.kyret.ky.gov) or by writing to: Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

**4.B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters.

The City manages these various risk of loss as follows:

<b>Type of Loss</b>	<b>Method Managed</b>	<b>Risk Retained</b>
a. Torts, errors and omissions	Purchased liability insurance with KY League of Cities Insurance Services.	(1)
b. Injuries to employees (workers' compensation)	Purchased workers' compensation insurance with KY league of Cities Workers' Compensation Trust.	None
c. Physical property loss and natural disasters	Purchased commercial insurance with KY League of Cities Insurance Services.	None
d. Health and life	Purchased health insurance with Humana	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

**(1) Liability Protection Plan**

The basic insurance agreements cover claims against municipalities for all government function and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related Torts under the State tort claims law.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**NOTE 4 – OTHER NOTES (CONTINUED)**

**4.B. RISK MANAGEMENT (CONTINUED)**

All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

**4.C. LITIGATION**

The City attorney advises of no litigation currently pending against the City of Jeffersontown, Kentucky. Ordinance 932 Series 1986, "The Defense and Indemnification of City Officers and Employees states "The City shall, without cost to the officer or employee, provide for the legal defense of any officer or employee in any action in tort arising out of an act or omission occurring within the scope of the officer's or employee's employment or public duties within the City." Officer shall mean any elected official of the City and also includes City clerk, treasurer, tax administrator, and attorney.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules - General Fund, Bond Fund, and Road Fund.

Notes to Required Supplementary Information.



**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance:	\$ -	\$ -	\$ 4,451,989	\$ 4,451,989
<b>Resources (Inflows)</b>				
<b>Taxes</b>				
Franchise tax (Telecom/Cable TV)	165,000	165,000	156,854	(8,146)
Insurance premium tax	1,650,000	1,650,000	1,483,388	(166,612)
Occupational tax	9,975,000	9,975,000	9,502,214	(472,786)
Property tax (net)	3,899,109	3,899,109	3,891,547	(7,562)
Total taxes	15,689,109	15,689,109	15,034,003	(655,106)
<b>Property Tax Penalty and Interest</b>				
Property tax - penalty & interest	20,000	20,000	23,983	3,983
Fines & penalties	6,000	6,000	2,250	(3,750)
Total penalty and interest	26,000	26,000	26,233	233
<b>Business Licenses</b>				
Business licenses	165,000	165,000	144,675	(20,325)
Alcoholic beverage licenses	110,000	110,000	105,196	(4,804)
Total business licenses	275,000	275,000	249,871	(25,129)
<b>Building Department Fees</b>				
Building permits	36,000	36,000	18,537	(17,463)
Electrical permits	38,000	38,000	41,241	3,241
Heating permits	22,000	22,000	20,468	(1,532)
Sign permits	5,000	5,000	6,051	1,051
Total building department fees	101,000	101,000	86,297	(14,703)
<b>Fines and Court Income</b>				
Base court revenue	60,000	60,000	51,319	(8,681)
Total fines and court income	60,000	60,000	51,319	(8,681)
<b>Lease Income</b>				
County Clerk's office	13,900	13,900	14,127	227
Community Center	30,000	30,000	33,075	3,075
Total lease income	\$ 43,900	\$ 43,900	\$ 47,202	\$ 3,302

CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Grant Income				
Recreational trails and bridge	\$ 445,460	\$ 445,460	\$ 70,461	\$ (374,999)
Police department	170,048	170,048	92,471	(77,577)
Total grant income	615,508	615,508	162,932	(452,576)
Other Income				
Plainview Swim Club	150,000	150,000	144,565	(5,435)
Youth basketball league	-	-	21,695	21,695
Donations	-	-	1,113	1,113
Coal and Mineral Tax	2,200	2,200	1,859	(341)
Miscellaneous	-	-	108,239	108,239
Total other income	152,200	152,200	277,471	125,271
Interest Income				
Checking account and CDs	10,000	10,000	8,846	(1,154)
Total interest income	10,000	10,000	8,846	(1,154)
Total general fund revenues	16,972,217	16,972,217	15,994,174	(1,028,543)
Amount available for appropriation	\$ 16,972,217	\$ 16,972,217	\$ 20,396,163	\$ 3,423,446

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to appropriations (Outflows):				
Administration				
Payroll - mayor & council.	\$ 149,469	\$ 149,469	\$ 147,732	\$ 1,737
Payroll - city hall admin.	376,144	376,144	377,743	(1,599)
Payroll - city attorney	79,754	79,754	80,045	(291)
Retirement - mayor & council	24,154	24,154	23,768	386
Retirement- city hall admin.	60,786	60,786	61,226	(440)
Retirement - city attorney	12,889	12,889	12,878	11
FICA- mayor & council	10,864	10,864	10,715	149
FICA -city hall admin.	27,337	27,337	28,143	(806)
FICA - city attorney	5,796	5,796	5,951	(155)
Administrative expense	2,500	2,500	2,480	20
Legal fees & expenses	12,000	12,000	5,769	6,231
Accounting fees & expenses	45,000	45,000	42,578	2,422
Advertising - city hall admin.	500	500	199	301
Dues & sub. - city hall admin.	14,000	14,000	13,397	603
Office expense - city hall	500	500	351	149
Office supplies - city hall	10,000	10,000	9,644	356
Postage - city hall admin.	8,000	8,000	3,555	4,445
Travel - mayor & council	2,500	2,500	1,003	1,497
Travel - city hall admin.	2,500	2,500	4,062	(1,562)
Mtgs & seminars - mayor and council	4,000	4,000	2,738	1,262
Mtgs & seminars - city hall admin.	2,500	2,500	1,845	655
Mobile phones - mayor and council	500	500	384	116
Mobile phones - city hall admin.	4,000	4,000	4,230	(230)
Computer software maint.	12,000	12,000	12,331	(331)
Miscellaneous - council	6,000	6,000	7,933	(1,933)
Miscellaneous - city hall admin.	4,000	4,000	3,832	168
New vehicles - city hall admin.	7,425	7,425	7,060	365
New equip.- city hall admin.	5,000	5,000	943	4,057
Equip. rental - city hall admin.	3,500	3,500	3,182	318
Bldg. rep. & maint. - city hall admin.	30,000	30,000	37,708	(7,708)
Telephone - city hall admin.	5,000	5,000	5,226	(226)
Gen. improvement - city hall admin.	3,000	3,000	2,000	1,000
Water- city hall admin.	1,000	1,000	756	244
Employee appreciation	1,500	1,500	1,312	188
Newsletter expense	15,000	15,000	5,211	9,789
Electric & gas - city hall admin.	17,500	17,500	14,804	2,696
Equip. rep. & maint. - city hall admin.	2,000	2,000	690	1,310
Computer training	2,500	2,500	-	2,500
Computer hardware	19,000	19,000	7,299	11,701
Internet service & access	3,600	3,600	3,479	121
Website development & maint.	500	500	-	500
Total Administration	\$ 994,218	\$ 994,218	\$ 954,202	\$ 40,016

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Permitting & Enforcement Department				
Payroll	\$ 158,341	\$ 158,341	\$ 158,548	\$ (207)
Retirement	25,835	25,835	25,612	(24)
FICA	12,052	12,052	11,648	(140)
Uniforms	3,500	3,500	2,823	177
Dues & subs.	650	650	1,008	(8)
Office supplies	900	900	886	(86)
Travel	500	500	354	146
Meet. & seminars	600	600	320	180
New equipment	500	500	635	(135)
Miscellaneous	850	850	1,274	(424)
Mobile phones	900	900	837	63
Total P&E Department	203,487	203,487	203,945	(458)
Employee Benefits				
Hospitalization & medical	1,051,240	1,051,240	1,010,132	41,108
Short term disability and life insurance	52,000	52,000	52,828	(828)
Dental insurance	85,000	85,000	79,607	5,393
Severance payouts (1)	100,000	100,000	288,454	(188,454)
Total Employee Benefits	1,288,240	1,288,240	1,431,021	(142,781)
Insurance				
Workers compensation	273,456	273,456	244,843	28,613
Insurance - commercial liability	169,246	169,246	194,656	(25,410)
Insurance - property & casualty	49,592	49,592	50,766	(1,174)
Total Insurance	492,294	492,294	490,265	2,029
Revenue Department				
Payroll	140,546	140,546	121,963	18,583
Retirement	17,919	17,919	15,055	2,864
FICA	10,214	10,214	9,195	1,019
Tax bill prep & expense	80,000	80,000	63,865	16,135
Office supplies	1,000	1,000	895	105
Travel	500	500	-	500
Meetings & seminars	500	500	-	500
Miscellaneous	500	500	442	58
Postage	14,000	14,000	14,433	(433)
Total Tax Department	265,179	265,179	225,848	39,331
Vehicle Maintenance				
Gasoline & oil	245,000	245,000	244,132	868
Vehicle maintenance	65,000	65,000	62,590	2,410
Total vehicle maintenance	\$ 310,000	\$ 310,000	\$ 306,722	\$ 3,278

(1) Severance payouts represent city payments to employees for vested accumulated vacation and sick leave. The City has borrowed the money for future payouts as was noted on page 26 and currently holds the remaining funds of \$2,482,217 in interest bearing cash and cash equivalent accounts.

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Public Safety:				
Ambulance Service	\$ 55,000	\$ 55,000	\$ 78,821	\$ (23,821)
Street Lights	355,000	355,000	364,567	(9,567)
Total Public Safety	410,000	410,000	443,388	(33,388)
Civil Service				
Miscellaneous	5,000	5,000	-	5,000
Testing & analysis	7,500	7,500	8,336	(836)
Total Civil Service	12,500	12,500	8,336	4,164
Police Department				
Payroll	3,590,668	3,590,668	3,436,242	154,426
KLEFPF	161,200	161,200	149,551	11,649
Education incentive	60,000	60,000	55,533	4,467
Court appearance	75,000	75,000	50,620	24,380
KLEFPF contra account	(161,200)	(161,200)	(198,115)	36,915
Payroll - police dispatchers	265,886	265,886	275,347	(9,461)
Payroll - police office staff	261,151	261,151	251,648	9,503
Retirement - police officer	1,299,634	1,299,634	1,235,135	64,499
Retirement - police dispatcher	39,784	39,784	38,368	1,416
Retirement - police admin.	38,872	38,872	38,819	53
FICA- police officers	277,429	277,429	265,360	12,069
FICA- police dispatchers	19,548	19,548	20,720	(1,172)
FICA- police administration	19,167	19,167	19,198	(31)
Uniforms - police officers	55,000	55,000	51,314	3,686
Uniforms - police dispatchers	5,665	5,665	6,176	(511)
Uniform replace - police officers	46,870	46,870	31,319	15,551
Dues & subs. - police admin.	14,256	14,256	12,677	1,579
Office supplies - police admin.	21,000	21,000	19,286	1,714
Postage - police admin.	2,500	2,500	1,663	837
Travel - police officers	24,000	24,000	22,795	1,205
Meetings & seminars - police officers	8,000	8,000	3,479	4,521
Training exp & sup - police officers	54,100	54,100	45,564	8,536
Bldg. rep. & maint. - police admin.	54,924	54,924	33,793	21,131
Electric & gas - police admin.	38,000	38,000	29,371	8,629
Water - police dept.	2,350	2,350	1,525	825
Telephone - police admin.	22,536	22,536	23,608	(1,072)
Mobile phones - police admin.	38,084	38,084	34,543	3,541
Equip. rep. & maint. - police dept.	41,300	41,300	39,479	1,821
Maintenance contracts - police	10,722	10,722	9,798	924
Computer maintenance	25,000	25,000	12,454	12,546
Radio maint. - police officers	23,700	23,700	23,092	608
Pagers - police officers	108	108	86	22
Physicals - police officers	17,475	17,475	7,881	9,594
Crime prevention - police admin.	6,500	6,500	4,772	1,728
Photo expense - police admin.	2,000	2,000	124	1,876

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Police Department (Continued)				
CID - police admin.	\$ 14,000	\$ 14,000	\$ 48,234	\$ (34,234)
Miscellaneous - police officers	11,500	11,500	19,469	(7,969)
Grant expense	-	-	110,254	(110,254)
New vehicles - police officers	99,000	99,000	79,943	19,057
Existing vehicle leases	248,441	248,441	248,441	-
New equipment - police officers	17,500	17,500	13,497	4,003
Total police department	6,851,670	6,851,670	6,573,063	278,607
Public Works				
Payroll	839,257	839,257	749,834	89,423
Retirement	132,935	132,935	120,071	12,864
FICA	60,994	60,994	58,301	2,693
Uniforms	13,500	13,500	12,857	643
Dues & subscriptions	1,500	1,500	1,227	273
Office supplies	1,000	1,000	943	57
Equipment rental	2,000	2,000	420	1,580
Meetings & seminars	500	500	498	2
Training expense & supplies	1,000	1,000	100	900
Bldg. repairs & maintenance	13,000	13,000	10,782	2,218
Electric & gas	9,500	9,500	9,262	238
Water	4,000	4,000	2,294	1,706
Telephone and internet	2,100	2,100	2,009	91
Mobile phones	5,500	5,500	5,196	304
Equipment repairs & maintenance	25,000	25,000	28,394	(3,394)
Shop supplies	10,000	10,000	8,297	1,703
Radio maintenance	1,000	1,000	160	840
Physicals	3,000	3,000	1,490	1,510
Miscellaneous	5,000	5,000	4,652	348
Existing vehicle leases	15,300	15,300	15,287	13
New equipment	20,000	20,000	12,982	7,018
Equipment leases	28,000	28,000	19,214	8,786
Landfill charges	2,000	2,000	838	1,162
Roadside maint./beautification	24,000	24,000	10,203	13,797
Total public works	1,220,086	1,220,086	1,075,311	144,775
Sanitation				
Sanitation contract expense	1,180,000	1,180,000	1,166,459	13,541
Dumpster fees	32,400	32,400	7,800	24,600
Total sanitation	\$ 1,212,400	\$ 1,212,400	\$ 1,174,259	\$ 38,141

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Economic Development				
Payroll	\$ 175,642	\$ 175,642	\$ 133,869	\$ 41,773
Retirement	28,384	28,384	21,922	6,462
FICA	12,765	12,765	10,157	2,608
Advertising	2,000	2,000	-	2,000
Dues & subscriptions	5,000	5,000	4,638	362
Office supplies	500	500	119	381
Postage	500	500	4	496
Brochure & printing	1,000	1,000	-	1,000
Travel	3,500	3,500	1,587	1,913
Bldg. repair & maintenance	6,500	6,500	5,485	1,015
Electric & gas	6,000	6,000	4,972	1,028
Water	1,000	1,000	1,141	(141)
Telephone-JDC	4,000	4,000	3,617	383
Mobile phones	500	500	384	116
New equipment	2,000	2,000	-	2,000
Equipment repairs and maintenance	500	500	-	500
Miscellaneous	300	300	-	300
Equipment rental	2,200	2,200	2,000	200
Meetings & seminars	2,400	2,400	873	1,527
Partnership	30,000	30,000	30,000	-
Promotion of J-town	10,000	10,000	8,441	1,559
Facade Renovation Program	1,500	1,500	-	1,500
Ind. park improvements	100,000	100,000	71,091	28,909
Total economic development	\$ 396,191	\$ 396,191	\$ 300,300	\$ 95,891

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Development:				
Museum Expense				
Payroll	\$ 68,227	\$ 68,227	\$ 68,667	\$ (440)
Retirement	11,026	11,026	11,048	(22)
FICA	4,959	4,959	5,166	(207)
Advertising	500	500	250	250
Dues & subscriptions	600	600	559	41
Office supplies	700	700	251	449
Postage	300	300	122	178
Bldg. repairs & maintenance	1,500	1,500	525	975
Telephone and internet	1,000	1,000	1,142	(142)
Miscellaneous	1,000	1,000	534	466
Security	400	400	360	40
Copier	500	500	453	47
Photography & film	300	300	-	300
Total museum expense	91,012	91,012	89,077	1,935
Senior Citizens				
Payroll	80,584	80,584	85,916	(5,332)
Retirement	9,767	9,767	10,449	(682)
FICA	5,857	5,857	6,470	(613)
Bldg. repairs & maintenance	17,000	17,000	17,018	(18)
Electric & gas	13,000	13,000	12,017	983
Water	500	500	-	500
Telephone	2,500	2,500	3,340	(840)
Mobile phones	600	600	470	130
Equipment repairs & maintenance	2,000	2,000	1,783	217
Miscellaneous	1,500	1,500	1,477	23
New equipment	4,700	4,700	4,635	65
Meetings & seminars	1,400	1,400	1,336	64
Total senior citizens expense	\$ 139,408	\$ 139,408	\$ 144,911	\$ (5,503)



**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community Development:(Continued)				
Special Projects				
Drainage	\$ 90,000	\$ 90,000	\$ 87,484	\$ 2,516
Farmers Market	2,000	2,000	8,530	(6,530)
Other special projects	3,000	3,000	966	2,034
Mayor special projects	7,000	7,000	6,721	279
Youth basketball expense	-	-	21,842	(21,842)
Envision ROM	-	-	155	(155)
Spruce up Jeffersontown	2,000	2,000	1,084	916
Easter Celebration	3,500	3,500	3,259	241
Volunteer recognition	1,000	1,000	900	100
Light up Jeffersontown	2,000	2,000	4,459	(2,459)
Gaslight festival	9,000	9,000	6,504	2,496
Pumpkinfest	2,000	2,000	2,200	(200)
The Child Connection	1,800	1,800	1,800	-
Memorial & Veteran's Day Obser	2,000	2,000	189	1,811
Grant- B & C Stone Bridge & CMAQ	523,360	523,360	94,258	429,102
Mid-South Conf. Sponsorship	5,000	5,000	5,000	-
Total special projects	<u>653,660</u>	<u>653,660</u>	<u>245,351</u>	<u>408,309</u>
Donations				
Community Outreach-Others	<u>45,000</u>	<u>45,000</u>	<u>32,450</u>	<u>12,550</u>
Total donations	<u>45,000</u>	<u>45,000</u>	<u>32,450</u>	<u>12,550</u>
Total community development	\$ <u>929,080</u>	\$ <u>929,080</u>	\$ <u>511,789</u>	\$ <u>417,291</u>

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Parks and Recreation</b>				
Payroll - parks & recreation	\$ 185,408	\$ 185,408	\$ 181,949	\$ 3,459
Retirement - parks & recreation	29,962	29,962	29,282	680
FICA - parks & recreation	13,475	13,475	13,324	151
Uniforms - parks & recreation	3,000	3,000	3,748	(748)
Program supplies - parks & recreation	500	500	324	176
Pool maintenance contract	124,700	124,700	118,327	6,373
Pool - miscellaneous	40,000	40,000	50,553	(10,553)
Community Center - miscellaneous	-	-	6,100	(6,100)
Electric & gas - Skyview Park	15,000	15,000	16,383	(1,383)
Electric & gas - Gymnasium	22,000	22,000	19,846	2,154
Electric & gas - Plainview Swim	17,000	17,000	15,944	1,056
Electric & gas - Veteran's Park	4,500	4,500	4,286	214
Electric & gas - Ruckriegel Field	1,300	1,300	1,695	(395)
Electric & gas - Community Center	23,000	23,000	23,209	(209)
Water - Skyview Park and Football Field	16,000	16,000	10,997	5,003
Water - Gymnasium	2,000	2,000	1,204	796
Water - Plainview Swim	10,000	10,000	17,043	(7,043)
Water - Community Center	10,000	10,000	4,814	5,186
New equipment - parks & recreation	15,000	15,000	1,378	13,622
Parks & recreation maintenance	45,000	45,000	91,461	(46,461)
Telephone - Gymnasium	1,500	1,500	1,456	44
Telephone - Plainview Swim	2,200	2,200	2,022	178
Telephone - Community Center	3,000	3,000	2,631	369
Payroll - pool part-time	9,000	9,000	5,900	3,100
FICA - pool part-time	650	650	451	199
Total parks and recreation	594,195	594,195	624,327	(30,132)
<b>Debt Service Expense</b>				
Debt service payments and expense	1,771,628	1,771,628	1,703,327	68,301
Total debt expense	1,771,628	1,771,628	1,703,327	68,301
Total charges to appropriations	16,951,168	16,951,168	16,026,103	925,065
Ending budgetary fund balance before other financing sources (uses)	21,549	21,549	4,370,060	4,348,511
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital leases	-	-	351,582	351,582
Sale of surplus vehicles and equipment	-	-	13,027	13,027
Total Other Financing Sources (Uses)	-	-	364,609	364,609
Transfers In (Out)	-	-	(202,237)	(202,237)
Ending budgetary fund balance	\$ 21,549	\$ 21,549	\$ 4,532,432	\$ 4,510,883

**CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
ROAD FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance:	\$ 100,000	\$ 100,000	\$ 47,114	\$ (52,886)
Resources (Inflows)				
Intergovernmental Revenues				
Motor fuel tax	474,000	474,000	510,290	36,290
Total intergovernmental revenue	<u>474,000</u>	<u>474,000</u>	<u>510,290</u>	<u>36,290</u>
Amount available for appropriation	574,000	574,000	557,404	(16,596)
Charges to appropriations (Outflows)				
Street light maintenance	9,000	9,000	6,790	2,210
Sidewalks	165,000	165,000	202,607	(37,607)
Paving & road repairs	325,000	325,000	184,556	140,444
Road salt & de-icer	50,000	50,000	98,773	(48,773)
Road maintenance-other	25,000	25,000	86,728	(61,728)
Total road maintenance	<u>574,000</u>	<u>574,000</u>	<u>579,454</u>	<u>(5,454)</u>
Total charges to appropriations	<u>574,000</u>	<u>574,000</u>	<u>579,454</u>	<u>(5,454)</u>
Ending budgetary fund balance	\$ -	\$ -	\$ (22,050)	\$ (22,050)

CITY OF JEFFERSONTOWN, KENTUCKY  
BUDGETARY COMPARISON SCHEDULE  
BOND FUND  
NON-GAAP BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance:	(1)	- \$	- \$	- \$
Charges to appropriations (Outflows)				
Water playground and equipment			99,025	(99,025)
Drainage	-	-	103,212	(103,212)
Total bond fund expenses	<u>-</u>	<u>-</u>	<u>202,237</u>	<u>(202,237)</u>
Total charges to appropriations	-	-	202,237	(202,237)
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>202,237</u>	<u>202,237</u>
Ending budgetary fund balance	\$	- \$	- \$	- \$

(1) These expenditures were budgeted within Ordinance No. 1199- Series 2005 when the city initially borrowed the funds through debt issuance on July 1, 2005 to retire prior debt obligations and make future capital improvements.

**CITY OF JEFFERSONTOWN, KENTUCKY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2010**

**NOTE 1 – BUDGET VARIANCES**

**General Fund**

**Revenues**

General fund revenues of \$15,944,174 were \$1,028,543 less than the \$16,972,717 budgeted. This was primarily the result of occupational tax revenue being \$472,786 less than budgeted and grant revenues being \$452,576 less than budgeted. Grant revenues were lower due to delays in funding at the state level and are expected to be received during fiscal year ending June 30, 2011. Revenue sources exceeding budgeted amounts included penalties and interest, electrical permits, lease income, and other income.

**Expenditures**

General fund expenditures of \$16,026,103 were \$925,065 less than the \$16,951,168 budgeted. However, \$188,454 in unbudgeted employee severance payouts was charged to the general fund despite being funded through the 2008 Bond Fund. General fund expenditures would actually be \$1,113,519 under budget after removing this expense. A primary reason that general fund expenditures were less than budgeted was the positive variance within grant related expenses. However, without this variance the City would still have been under budget by \$495,964 for general fund expenditures. Other primary reasons general fund expenditures were less than budgeted were positive variances in most departments with the largest being police and public works.

After subtracting the \$1,028,543 revenue shortfall from the \$1,113,519 expense savings, the City realized a surplus of \$84,976.

**Road Fund**

For the year ended June 30, 2010, road maintenance fund revenues of \$510,290 were \$36,290 more than the \$474,000 budgeted. For the year ended June 30, 2010, road maintenance fund expenditures of \$579,454 were \$5,454 more than the \$574,000 budgeted. Road salt and general road maintenance were primarily responsible for this variance.

**Bond Fund**

These expenditures represent capital improvements made by the city. These expenditures were budgeted within Ordinance No. 1199- Series 2005 when the city initially borrowed the funds through debt issuance on July 1, 2005 to retire prior debt obligations and make future capital improvements.